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In this issue:

This week's cover:

Slicing U.S. beef for Japanese wholesalers attending the U.S. Meat and Poultry Show in Tokyo in October. U.S. exports of consumer-ready foods were valued at an estimated $2 billion during 1976.

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Consumer Demand Sparks Mideast Poultry Imports

By JOHN B. PARKER, JR.
Foreign Demand and Competition Division
Economic Research Service

CONSUMER DEMAND for poultry meat is rapidly increasing in the Mideast. Roughly half of this poultry meat is now imported, and total imports of frozen poultry are likely to double in 1976. The U.S. share in this market is also expected to increase in late 1976—possibly overtaking France's position as the No. 1 supplier of Mideastern poultry imports.

This year, frozen poultry imports by the Mideast are likely to surpass 150,000 metric tons—about 10 times the quantity imported in 1971, or any year during the late 1960's. The average price of poultry has increased along with quantity purchased—the value of Mideast frozen poultry imports may reach $160 million, twice the 1975 import value. (The average price for frozen poultry imported by Mideast countries is now roughly estimated to be between $1,000 and $1,250 per ton, depending on the type and size of poultry.)

U.S. frozen poultry exports to this market are enjoying a continuing upward spiral. Total U.S. frozen poultry shipments to the Mideast are likely to be double the $19 million (17,000 tons) recorded in the first 8 months of calendar 1976, and possibly reach $100 million in 1977. Contributing to the surge in late 1976 are shipments of 28,300 tons—valued at $30 million—scheduled to be shipped to Iraq, along with new sales to Iran, Saudi Arabia, Egypt, and the United Arab Emirates.

While U.S. sales of frozen poultry to small private importers in the Arabian Peninsula have increased recently, larger sales have also been made to two of the large new importers in the Mideast—Egypt and Iran—with further large-scale sales in prospect.

Other suppliers have also increased their poultry shipments to the Mideast.

French exports of subsidized frozen chicken to Mideast markets reached 35,800 tons in 1975, accounting for 61 percent of all exports of this item. Major markets for French poultry during that year were Saudi Arabia, Iraq, the United Arab Emirates, and Iran.

Denmark subsidized sales of 5,300 tons of frozen poultry to Kuwait, and almost that amount, combined, to the United Arab Emirates, Bahrain, and Qatar in 1975.

The Netherlands subsidized shipments amounted to 6,300 tons of poultry in 1975; however, this was 23 percent less than in 1974. Major Dutch poultry markets in 1975 included Iran, Egypt, the United Arab Emirates, and Saudi Arabia.

Iraq in 1976 is expected to be the top poultry purchaser and major U.S. market in the Mideast. Its imports this year are estimated to hit 40,000 tons—a far cry from the 200 tons imported in 1972 and nearly three times the 15,800 tons imported last year.

Whereas France accounted for about two-thirds of Iraq's poultry imports last year and Hungary for one-fourth, the United States is supplying the bulk of the 1976 purchases. In March 1976, it sold Iraq 35,000 tons of frozen poultry, valued at over $40 million (to be delivered during May 1976 through January 1977).

U.S. exports of frozen chickens to Iraq during January-August reached $14.4 million, pushing the value of total U.S. exports of this item to Mideast markets to $18.7 million during this same period —up from $2 million in calendar 1975.

Saudi Arabia—the No. 1 market in 1975—is expected to be the second largest Mideastern poultry importer in 1976, with imports of roughly 42,500 tons (compared to 25,800 tons in 1975).

The Saudi Government recently awarded $290 million to a new public company, primarily for handling food imports. The company is scheduled to buy frozen poultry and various basic food items in quantities large enough to fill chartered ships. Supplies will then be sold to Saudi wholesalers and merchants at cost, resulting in lower prices to consumers and a steady flow of imported food supplies.

Large purchases of U.S. frozen poultry by Saudi Arabia are likely in the coming year, owing to new trading and

At left, from top: Traditional rural poultry market in France, the top poultry supplier to the Mideast in 1975; French poultry house; Bulgarian broilers on a spit in Jidda, Saudi Arabia; above, promoting U.S. poultry in Kuwait.

shipping arrangements, along with tightness of supplies in Europe.

Another big frozen poultry market in the Mideast is expected to be **Egypt**—importing an estimated 35,000 tons. Imports in 1975 totaled 18,000 tons. Demand for frozen chicken in Egypt has increased markedly since the mid-1950's, when U.S. frozen poultry was delivered to Egypt under Title I of Public Law 480. At that time, Egypt was the kickoff point for U.S. market development activities for promotion of frozen poultry in the Mideast. As a result of the program, early fears that Egyptian consumers would not buy imported frozen chickens were soon dispelled; long lines formed outside shops selling frozen chickens, and demand was so great that sales had to be rationed.

Major considerations favoring demand for imported frozen poultry in Egypt have been price and convenience. Prices for live Egyptian chickens are nearly double the price for frozen poultry distributed by the Ministry of Supply. In addition, the supply of local chickens is inadequate to meet rising demand, and increasing urbanization discourages household cleaning of chickens.

Egypt was, nonetheless, the second largest Mideast producer of poultry meat during 1970-74, averaging 73,000 tons annually (exceeded only by Israel, producing 144,000 tons annually during this same period). Production in 1976 should exceed 100,000 tons. Egyptian cold storage capacity for handling frozen chickens has expanded in recent years owing to pressure from rising imports of beef, which have increased even more rapidly than those of chicken.

Another large poultry importer in 1976 is expected to be **Iran**, with shipments totaling 41,000 tons. Iran's imports of frozen poultry increased from 6,000 tons in 1974 to over 18,000 tons in 1975, when West Germany, France, the Netherlands and Bulgaria were major suppliers.

Imports of frozen poultry by the Gulf Sheikdoms are rising so rapidly that their major supplier—Denmark—is unlikely to be able to deliver the 10,000 additional tons required this year. Deliveries of subsidized whole broilers by Denmark, France, and the Netherlands to these markets have trended upward, while imports from the People's Republic of China (PRC), Lebanon, Syria, Bulgaria, and Hungary have declined since 1973.

Kuwait's imports of frozen poultry increased from only 5,300 tons in 1971 to 13,300 tons in 1975, making it the fifth largest Mideast poultry importer. It will most likely retain that position this year, as imports are expected to be roughly 18,700 tons in 1976.

Kuwait's imports of U.S. frozen poultry increased from 54 tons in 1973 to 639 tons in fiscal 1975. Shipments in fiscal 1976 were slightly below the peak delivery of 1975, when modern fast food shops first opened there.

The **United Arab Emirates**, including oil-rich Abu Dhabi and six other sheikdoms, is a booming market for imported frozen poultry. Imports in 1975 were 12,800 tons, and in 1976 the total is expected to be 17,500 tons.

Most of the meat supplies distributed in the United Arab Emirates are imported through the port of Dubai, which has excellent cold storage facilities. Refrigerated trucks then distribute frozen chickens to shops and restaurants in the seven emirates and Oman.

"... U.S. sales of frozen poultry to small private importers in the Arabian Peninsula have increased recently (and) larger sales have also been made to two new importers ... Egypt and Iran ... with further sales in prospect."

New shipping arrangements and the addition of dozens of new restaurants specializing in chicken should bolster U.S. sales of poultry to this market in late 1976. The largest poultry suppliers to this area are Denmark (48 percent of market share in 1974), the PRC (26 percent), and France (13 percent). The Netherlands, West Germany, the United States, and United Kingdom were also suppliers to the area.

In **Oman**, demand for poultry is booming, as immigrants pour into the country to work in projects financed by petroleum revenues and in large international hotels. Imports of frozen poultry in 1975 tripled to 1,200 tons, with re-exports through Dubai making up over half of the total, but increases in direct imports from Denmark, the Netherlands, and the United Kingdom, also occurred. New cold storage facilities at Matruh should cause imports to exceed 2,500 tons in 1976.

Denmark supplied about half of **Qatar's** imports of frozen poultry in the past 2 years. Poultry imports increased from 2,600 tons in 1974 to over 3,000 tons in 1975. Future gains are seen.

Syria was a considerable exporter of chilled poultry to the Arabian Peninsula prior to 1974, when the country switched to being a net importer. Syria imported roughly 4,500 tons of frozen poultry in 1975—mostly from the EC and Eastern Europe—and imports in 1976 are estimated at 5,500 tons.

Lebanon was an important distribution center for frozen poultry prior to 1975, when the civil war disrupted broiler output and land deliveries to traditional export markets. Lebanon imported U.S. frozen turkeys and chickens for storage in Beirut's duty-free zone through 1974. According to Lebanese statistics, over 90 percent of U.S. and European frozen chickens sent to Beirut during 1968-74 did not enter the Lebanese market, but moved through the duty-free port to customers in other Mideast countries. Exports of broilers produced in Lebanon declined from 668 tons in 1970 to less than 300 annually during 1972-75.

Looking ahead, imports of frozen poultry by Mideast countries are likely to continue upward during the next several years. Imports will probably climb to about 300,000 tons or more in 1977, and the U.S. share could rise to over 25 percent.

Elaborate plans to increase domestic broiler production in Iran, Iraq, Egypt, and Syria, however, eventually may cause poultry imports to slack off, while imports by countries of the Arabian Peninsula, continue to rise.

This indicates that imports of frozen poultry by Mideast countries might reach a peak in the 350,000-400,000 range in 1978, with possible decline in 1979 and 1980.

But local broiler production in the Mideast also opens other trade doors—most of the gain in broiler output in the Mideast during the next 5 years will depend heavily on imported feed. Thailand and the United States, as a result, may greatly expand their sales of corn to Egypt, Iran, Iraq, Saudi Arabia, and the Gulf Sheikdoms. The United States and Brazil will compete for new markets for soybeans, soybean meal, and other types of oilcake used in feed.

Oceania Devaluations May Not Hurt U.S. Agricultural Trade

By O. HALBERT GOOLSBY
Special Projects Division
Foreign Agricultural Service

EFFECTIVE November 29, the Australian dollar was devalued by 17.5 percent, and the next day New Zealand followed with a 7 percent devaluation. Both moves were aimed in part at gaining a competitive edge for farm exports from these major agricultural exporters. But for a variety of reasons—and despite the large size of the Australian devaluation—they should not affect U.S. farm trade much.

The reason for this seeming inconsistency is that most of the products that might benefit from devaluation either have high support prices (in Australia) that will still restrict sales, or are subject to controlled conditions in foreign markets where devaluation cannot influence shipments. This holds true for such important exports as wool and meat—the latter being subject in the U.S. market to quotas aimed at meeting objectives of the U.S. Meat Import Law.

Australian grain is the one commodity that might benefit, at U.S. expense, from devaluation. However, advance sales to several nations under long-term agreements and a 17 percent reduction in the 1976 wheat crop due to drought will still tend to restrict new Australian competition in world markets.

Hypothetically, there are three ways in which U.S. agricultural trade could have been influenced by these devaluations:

(1) U.S. agricultural exports to these two nations could be reduced.

(2) U.S. agricultural imports from them could be increased.

(3) Competition with Australia and New Zealand in third markets could be increased.

Since a devaluation in a foreign country typically means higher prices (in terms of the local currency) for imports entering that country, lower U.S. exports might be expected. However, U.S. agricultural exports to them are so small a proportion of the total—about $100 million yearly, or one-half of one percent of total commercial farm exports—that no significant overall impact is possible. Even for tobacco, the primary export to them, these two nations account for only about 3 percent of U.S. exports.

As sources of supply, Australia and New Zealand are more important, accounting for about 8.5 percent of total U.S. agricultural imports. Chief among these imports are beef and veal, sugar, and wool. About two-thirds of U.S. beef and veal imports come from them, as does 5-10 percent of the sugar and slightly over four-fifths of the wool.

Assuming a voluntary restraint program on U.S. fresh and chilled meat imports in 1977, there is not likely to be much, if any, increase in U.S. meat imports as a result of the devaluation. Also, the price in terms of U.S. dollars is not likely to change in the United States, although there may be some shaving of prices of Australian beef in other markets. In some of these—Japan, for example—Australia and New Zealand are competitors of the United States.

A constant or near-constant U.S. dollar price will mean higher returns (in terms of Australian dollars) to beef and veal producers, processors, and exporters in Australia. To the extent that these returns are permitted to sift through to ranchers, the price of cattle and calves will be increased and the income position of the ranchers will be improved.

The higher price for cattle and calves will likely maintain, rather than increase, production. Despite an increase in nominal gross income in recent years, the cost of living and the cost of variable farm inputs has greatly reduced the real net income of ranchers and farmers in Australia.

Without the increase in receipts due to devaluation, ranchers most likely would have been forced to reduce operations. The Australian cattle industry has already been increasing more slowly, and just recently it dropped some. Some of that decline was due to a normal downturn in the Australian beef cycle, plus drought in southern Australia during much of 1976. But the cost-price squeeze caused by rising production costs and depressed world demand, has also added to the downward movement. Thus, the devaluation can be seen, in part, as a move to improve farm income. However, even with increased income due to devaluation, income of ranchers is still expected to be significantly under returns in the early 1970's.

Australian sugar production is also not likely to increase anytime soon, for even with the devaluation, most Australian sugar producers are operating at a loss at today's world market price.

With regard to wool, the Australian support price was increased for the current crop year, and no significant reduction in the export price is likely. Consequently, wool exports are not expected to gain much, if at all.

Of greatest importance to the United States is the competition posed by Australian exports of wheat and, to some extent, feedgrains. Australia is the world's third largest exporter of wheat, usually exporting nearly one-fourth as much as the United States. Competition from Australia is especially keen in Japan, Iran, Indonesia, the Philippines, the People's Republic of China (PRC), and other wheat importers in the Far East. Australia also competes with the United States in the feedgrain markets of Japan and Europe.

FROM Australia's 1976 wheat crop, now being harvested, about 8.5 million metric tons of wheat will be available for export. Of this, 3.75 million tons already have been committed under a long-term agreement with Egypt and sales agreements with Japan, the PRC, and the USSR.

With the world wheat market facing plentiful supplies, and with declining world market prices since mid-1976, the Australian Wheat Board has been undertaking an aggressive export promotion program. The devaluation of the Australian dollar will enhance the Board's flexibility in adjusting its export price to promote additional sales.

For the Australian and New Zealand currency devaluations—or for any other devaluations—there is in the long-run a chance of internal domestic prices increasing to such an extent, and at such a rapid pace, that producers will find themselves again uncompetitive in

the world market, operating at a loss, or both. This could happen in Australia and New Zealand, but both Governments are committed to significantly reducing the rate of inflation. In the third quarter of 1976, the rate was about 14 percent in Australia and about 17 percent in New Zealand.

In analyzing the effects of the Australian devaluation, the value of its dollar cannot be considered as set or fixed. Indeed, the rate prior to November 29 was not absolutely fixed, and the degree of flexibility will be greater in the future than in the past. Thus, Australia's foreign exchange system will now be more in line with a managed float—a system whereby a Government does not attempt to establish and maintain a par value of a fixed rate, but also does not let a currency fluctuate fully as dictated by market forces.

Reflecting this new policy of greater flexibility, Australia revalued its dollar by 2 percent on December 7—just 8 days after it devalued. During these 8 days (6 working days), the Australian dollar exchanged for 1.0174 U.S. dollars, compared with 1.2329 U.S. dollars. On December 13, the Australian dollar was revalued by a further 1 percent, and for the moment it exchanges for US$1.0521.

The December 7 and December 13 appreciations were aimed at curbing the sudden and massive inflow of foreign capital that followed devaluation. As much as $300 million may have entered Australia in the first 6 working days after the devaluation—almost half as much as the capital outflow during the prior 12 months. One purpose of the November 29 devaluation had been to attract foreign capital, but apparently the rate of inflow was considered too fast by the Australian authorities.

Since New Zealand must compete with Australia in such major markets as Japan, the United States, and the United Kingdom, New Zealand also devalued. New Zealand must also be concerned with its manufactured-product exports, most of which go to Australia. Until 2 years ago, agricultural exports from New Zealand accounted for about 80 percent of its total exports. But recent gains in exports of manufactured goods have cut this share to about 70 percent.

The approximate 7 percent devaluation reduces the New Zealand dollar from 0.9788 per U.S. dollar to 0.9113.

FAS Sets 32 Exhibits in 23 Countries

OVERSEAS food exhibits sponsored by FAS over the years have helped to accelerate the expanding volume and value of U.S. exports of processed and consumer-ready foods, which in calendar 1975 were valued at nearly $2 billion. Total U.S. agricultural exports during that year were valued at about $22 billion.

The aggregate value of consumer-ready food exports by the United States during calendar 1976 is projected to increase over 1975 value.

During 1977, FAS plans to sponsor 32 U.S. farm export exhibits in 23 countries. Two of these events—the solo U.S. exhibits of processed foods (with U.S. trade participation) scheduled for

FAS Exhi

LOCATION	DATE	EVENT
JAPAN		
Tokyo[1]	Mar. 14-18	Hotel-restaurant-institutional food show. Complete range of U.S. food exports to Japan. U.S. trade participation.
Tokyo	September	Fresh produce exhibit. U.S. trade participation.
WEST GERMANY		
Hamburg	June 7/8	Solo U.S. exhibit, processed foods. Principally for West German agents of U.S. firms. Limited participation by U.S. firms seeking German agents.
Berlin	June 13/14	(Similar to Hamburg exhibit)
Cologne	September 10-15	ANUGA: General food and equipment show. FAS-sponsored catalog show. U.S. trade participation.
NETHERLANDS		
Rotterdam or Amsterdam	September	Solo U.S. exhibit, processed foods. U.S. trade and agents to participate.
ITALY		
Milan	April 14-23	Samples fair. Primarily for agents of U.S. firms. Limited U.S. trade participation.
Rimini	February 14-21	(Similar to Milan exhibit)
Reggio-Emilia	May	Swine exhibit.
UNITED KINGDOM		
London	May 5/6	Solo U.S. exhibit, frozen foods U.S. trade participation.
Manchester	May 9/10	(Similar to London exhibit)
FRANCE		
Paris	March 6-13	Dairy livestock show.
POLAND		
Warsaw	Date to be set	Attaché product display. To reach Government food purchasers of centrally planned economies. Processed foods. U.S. trade participation.
GERMAN DEMOCRATIC REPUBLIC		
East Berlin	Date to be set	(Similar to Warsaw exhibit)
BELGIUM		
Brussels	September	Solo U.S. exhibit, processed foods. U.S. trade and agents to participate.

[1] Firms participating in Tokyo and Hong Kong shows will have participator fee waived for Djakarta show.

Djakarta, Indonesia, and Abidjan, Ivory Coast, are initial FAS events in these countries.

In calendar 1976, FAS helped sponsor 26 exhibits shows. Some examples of these activities:

France—FAS, with four cooperating trade associations, sponsored a livestock/feed stand at the Paris Agricultural Show in March. Contacts were made with the trade from 17 countries, and resulted in immediate sales of about $1.6 million.

Japan—Some 60,000 registered trade representatives attended the U.S. exhibit at the International Hotel and Restaurant Show, held in Tokyo in March. The 50 U.S. booths housed the products of 80 U.S. farm commodities. Fourteen new-to-market U.S. companies displayed 70 new-to-market products. Exhibitors reported on-site sales of $2.7 million of U.S. foods, and projected 12-month sales of $29 million. The red meat and poultry exhibit held in October met with an enthusiastic reception, with more than 1,400 trade representatives attending. Preliminary data place on-site sales at $1.7 million, and indications are that transactions in the months to come will be substantial.

United Kingdom—A hotel-institutional trade show was held in London, March 9-11, with 18 U.S. firms—14 of whom were new-to-market—and 41 U.K. agents of U.S. food companies displaying 500 products from 87 U.S. firms. Trade attendance totaled more than 1,500 and immediate sales of $200,000 were reported. Three U.S. exhibits held in the United Kingdom during September 1976 attracted more than 650 U.K. trade representatives. Twenty-two U.K. agents, representing 31 U.S. firms and 53 new-to-market U.S. companies participated. On-site sales totaled $379,000—primarily trial orders.

Singapore—More than 1,200 trade representatives attended the 4-day U.S. food exhibit in May. The product lines of 50 firms were displayed and sampled. On-site sales of $429,000 were reported, and sales during the following 6 months are expected to exceed $7 million.

Kuwait—Twenty-eight participants, representing more than 55 U.S. firms, took part in a food show, April 12-15—the first such exhibit in the Middle East since 1970. About 140 representatives of 12 countries attended. On-site sales of more than $500,000 were reported, and projections of sales through December 1976 total $4.6 million.

Curacao—About 400 trade visitors attended the U.S. food exhibit held in Curacao, Netherlands, Antilles, November 16-19, including 35 buyers from Antigua, Aruba Barbados, Grenada, St. Vincent, Surinam Trinidad and Venezuela. Thirty-six exhibitors represented 45 U.S. firms. Immediate sales totaled about $200,000, and sales of more than $3 million are anticipated during 1977.

Sixteen agent representatives were appointed by the exhibitors and 21 additional agent representatives are under consideration. Products of interest included portion-controlled meats, chicken hot dogs, chicken and turkey rolls, pet foods, frozen fruits and vegetables and dinner, canned institutional sizes of waterpacked fruits and vegetables, frozen cakes and pastries, peanut flakes, meat and seafood bases and sauces, cheese soup, Italian-type cheese products, soy blends and flakes, hot chocolate, and fruit drinks.

—Export Trade Services Staff, FAS

chedule, 1977

LOCATION	DATE	EVENT
SWITZERLAND		
Ski resorts	Dec. 1976-Jan. 1977	Attaché-organized menu promotion.
Zurich	Apr. 25/26	Hotel show featuring products distributed by agents of U.S. firms.
Geneva	Apr. 27/28	(Similar to Zurich exhibit)
HONG KONG		
Hong Kong[1]	Mar. 23-25	Solo U.S. exhibit, processed foods. U.S. trade participation.
INDONESIA		
Djakarta[1]	Mar. 30/31	(Similar to Hong Kong exhibit)
SINGAPORE		
Singapore	April	Attaché-organized menu promotion in leading hotels.
YUGOSLAVIA		
Belgrade	April	Attaché product display. To reach Government food purchasers of centrally planned economies. Processed foods. U.S. trade participation.
SCANDINAVIA		
Norway	June	Sales team of 6-8 U.S. representatives, processed foods.
Sweden	June	(Similar to Norway exhibit)
Finland	June	(Similar to Norway exhibit)
DENMARK		
Copenhagen	May 24-27	Catalog exhibit.
IRAN		
Tehran	May 31-June 2	Attaché product display, processed foods. U.S. trade participation.
EGYPT		
Cairo	May 22-24	Attaché product display, processed foods. U.S. trade participation.
IVORY COAST		
Abidjan	September	Solo U.S. exhibit, processed foods. U.S. trade participation.
NIGERIA		
Lagos	September	Sales team of 6-8 representatives participating in Ivory Coast show. Processed foods.
NICARAGUA		
Managua	Mar. 30/31	Attaché product display. U.S. trade participation.
Managua	May	Beef livestock show.

Australia's Cattle Industry Seeks New Export Markets

By HARLAN J. DIRKS
U.S. Agricultural Attaché
Canberra

WITH THE DROUGHT in Australia now broken and the Australian dollar devalued by 17.8 percent, beef producers feel their future looks brighter, but the industry remains depressed owing to record supplies and limited export markets.

Export markets remain restricted, prices are low, costs are increasing, and the future is still difficult to predict. The greatest hope for price improvement in 1977 rests with the U.S. market, as Australia sees little chance of any substantial increase in sales to the European Community or Japan over the next several months.

The short-term outlook for the Australian cattle industry continues to be gloomy owing to the recent drought—which prevailed in southern Australia for much of the year—and a glut of beef on world markets.

Total beef and veal production in Australia for 1976 is estimated at 1.8 million metric tons, up 11 percent over that of 1975. However, as a result of a reduction in cattle numbers and lower slaughter weights, beef and veal production is forecast to be lower in 1977—roughly 1.75 million tons, down 5 percent from the current forecast for 1976.

Exports of beef and veal in 1976 are expected to total 580,000 tons—an increase of nearly 15 percent over exports of 1975. Australia's major market will again be the United States, which is expected to import 52 percent of total beef exports (300,000 tons after Australia's share—287,000 tons—of the U.S. import quotas are adjusted for carry-in stocks from 1975 and shipments through Puerto Rico are taken into account).

Australian beef sales to Japan have slacked off owing to the waterfront strike in Australia that has delayed deliveries and to the lack of quality beef (grain-fed) needed for the Japanese market. In addition, the United States and New Zealand are getting a much larger share of the Japanese market this year than previously.

Nevertheless, sales to Japan in 1976 are now estimated at 70,000 tons, nearly double those of a year earlier. It is rather doubtful if sales will increase much in 1977, as the Japanese recently cut back on their quota allocation for the first half of 1977.

Beef sales to Canada ran well ahead of schedule during 1976. Although Canada imposed quotas on beef imports on October 17, Australian sales to Canada will amount to about 50,000 tons, compared with 26,750 tons the year before. Australia is concerned that Canada will maintain quotas again in 1977, which could cut exports back to 40,000 tons or less in 1977.

AS OF November 5, the final installment of a 12,000-ton shipment of boneless beef to the USSR had been loaded and shipped. Overcoming problems of low prices, the dock strikes, and meat specifications, the contract is considered to be a useful outlet for older beef cows that are in surplus.

In November 1976, the USSR signed another contract with another Australian firm for the purchase of 10,000 tons of meat. Both contracts set significant precedents for USSR-Australia meat trade.

This was the first time that the USSR had ordered boneless meat and the first time the Soviets negotiated with a private firm. In the past, the USSR negotiated exclusively with the Australian Meat Board, the official meat marketing agency.

Owing to a recently signed contract for sales of 8,000 tons of beef to Egypt, sales of beef to the Mideast appear good. Sales had been slow during the first 7 months of the year, as only 7,000 tons had been shipped, compared wtih 11,000 tons for this period a year ago. Iran is reportedly in the market for large orders of beef, and total sales for the year are estimated at 20,000 tons.

Sales prospects to Europe and other minor markets have improved somewhat this year. Estimates of potential sales to the European Community vary, but high slaughterings in Europe owing to the drought make potential for sales not very high. The possibility of a 12,000-ton sale to Romania is being explored, and Greece imported 11,000 tons of beef before cutting off all imports at the end of July. Israel just concluded a trial contract for 2,000 tons of beef and Australian officials are hopeful that this could lead to orders for 10,000-15,000 tons of Australian beef annually. Other minor markets where substantial sales are expected include the Philippines, Hong Kong, Taiwan, and Malaysia/Singapore.

Total cattle numbers in Australia appear to be leveling off. Compared to gains of 6.5 percent last year and 8.3 percent every year since 1970, this year the total herd was up only 2 percent to 33.4 million head (March 31, 1976). The rate of increase of beef cows and heifers—at 15.2 million head—has also slowed to less than 2 percent. This is the smallest rise in several years, as the beef breeding herd had been increasing at an annual rate of 11 percent since 1970. Although it is still too early to make any accurate prediction, a total herd of 33 million or less is estimated for 1977.

In other livestock activity, following the announcement of the increase in the floor price of wool, there was speculation about a strong buildup in sheep numbers in Australia in 1977. Many producers have been considering moving back into the sheep industry as the outlook for sheep appears to be brighter than for cattle. However, owing to the severe drought in the main sheep-producing areas of New South Wales and Western Australia, many producers were forced to reduce flocks. Lambing rates this past spring were also reported to be low. A small decline in sheep numbers during 1977 is therefore expected.

Australia's mutton production in 1976 is now forecast at 340,000 tons— an increase of roughly 16 percent over last year's total. Lamb production is estimated at 260,000 tons, holding last year's level constant. This situation also applies to pigmeat, which is expected to amount to 175,000 tons, roughly the total of 1975.

Any future developments in pigmeat production will depend largely on movements in feedgrain supplies and prices.

A small increase in pigmeat production was forecast for 1977 before the current drought, but the increase is now uncertain.

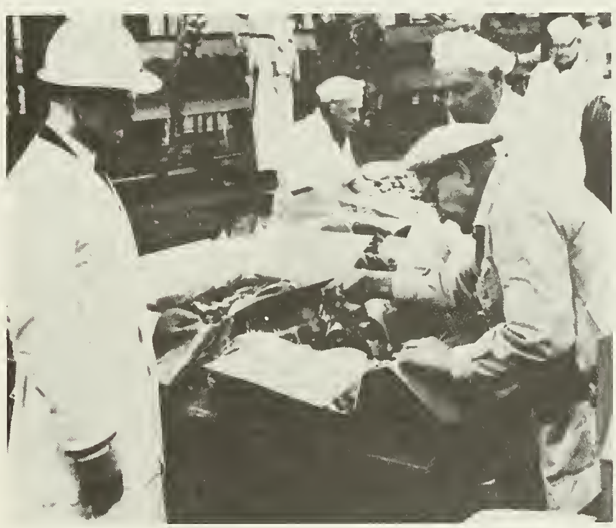
The export situation of other livestock is relatively firm: Mutton exports were much higher during the first 7 months of 1976 than they were a year ago (94,000 tons compared with 62,000 last year). The top buyer has been Japan—importing 59,000 tons so far. The Mideast is also a big importer—taking 13,000 tons. Total mutton exports for 1976 are expected to be 145,000 tons, up nearly 30 percent from 1975. Total sales to Japan are expected to reach 90,000 tons, while those to the Mideast are estimated at 25,000 tons. Australian mutton exports to the United States are expected to total only 275 tons.

Lamb exports, on the other hand, were lower during the first 7 months of 1976 than they were a year ago. Sales through July 1976 amounted to only 14,000 tons, but shipments are expected to increase in the second half of the year, totaling 35,000 tons for 1976. The Mideast is the main buyer of lamb—taking 75 percent of total exports. Higher lamb sales to the United States are also expected in 1976—perhaps reaching as high as 4,000 tons.

The depressed livestock situation in Australia has raised many problems. Total stocks of meat held in cold stores as of June 26, 1976, were up considerably to 121,000 tons, compared with 77,000 tons at the same time in 1975. The stock buildup has been due mainly to the introduction of minimum export prices to Canada and Sweden which has virtually stopped all sales to these markets, and to labor disputes by the waterfront workers. However, stocks may be cleared out soon, now that the strike is over.

There is also concern over falling cattle prices. Little improvement in cow prices is forecast over the next 12 months. Although the price of good-quality slaughter cattle has held up fairly well, prices for store cattle and underfinished drought cattle have been very low in the drought areas. Prices for mutton sheep and lamb have been firm, while those for pigmeat have averaged slightly below the very high levels of a year ago.

In addition, rising processing and marketing costs for beef are among the most important problem areas facing the Australian beef industry. Handling costs increased from 25.06 Australian cents per kilogram to 34.35 cents between July 1975 and July 1976. Freight charges to the East Coast of the United States increased from 13 Australian cents per kilogram to 21.4 cents during this same period. These escalating costs have limited the amount of price recovery at the auction level.



Above, mustering merino sheep on an Australian property. A small decline in Australian sheep numbers is expected in 1977. Left, USDA inspectors in Australia examine beef being packed for export.

The depressed condition of the beef industry has prompted the Australian Government to take a number of new actions, as well as continuing old ones. The main actions and programs include: Dropping the meat export charge; providing compensation to producers for the slaughter of brucellosis and tuberculosis reactors; providing $A1.24 million to the Australian Meat Board to cover the export charge on last year's sales to the USSR; reintroduction of the superphosphate bounty and extension for a further 12 months of the nitrogenous fertilizer subsidy; plans for restructuring the Meat Board to increase its marketing powers; and providing additional carry-on financing.

Central American Cotton Area Up, Yields Cut by Drought

By ROBERT B. EVANS
Foreign Commodity Analysis, Cotton
Foreign Agricultural Service

AFTER 2 YEARS during which Central American cotton production tumbled from a regional record to a level some 20 percent lower, producers expect a slight recovery in the 1976/77 season. Exports, however, are likely to decline further.

Cotton output in Central America averaged a million bales (480 lb net) a year during the 5 years ending in 1972/73, and peaked at 1.6 million bales during 1973/74. Production then slumped to less than 1.4 million bales in 1974/75 and to less than 1.3 million in 1975/76, because of depressed world prices. This season, a moderate recovery of 6 percent, or 75,000 bales, is in prospect.

Harvested cotton hectarage rose over 25 percent in 1976/77 to perhaps a new record because of considerably higher world prices for cotton, a decline in fertilizer costs, and a more competitive situation relative to other crops. Yields may be down by about 15 percent, however, because of a drought that began in July and lasted into September or later, affecting crops during their critical growing period in Nicaragua, El Salvador, and Honduras.

A view of cotton gin, baled cotton, and cotton fields in the Tiquisate area of Guatemala. Cotton production in Central America—including Guatemala—has fallen after setting a regional record in 1973/74, but it is expected to recover moderately in 1976/77. This season a production rise of 6 perment, or 75,000 bales, is in prospect, but exports are expected to decline below the level of the past few years.

Practically all Central American cotton is rain-grown and yields are among the highest for rain-grown cotton in the world. Little fertilizer is necessary in its production because of extremely high soil fertility. The staple length of Central American cotton is generally 1$\frac{1}{16}$ and 1$\frac{3}{32}$". The grade and micronaire are generally good, but fiber strength is sometimes below that of comparable U.S. cotton.

If world prices continue attractive until planting time next summer—and they were higher in the fall of 1976 than a year earlier—Central America could put a still larger hectarage into cotton for 1977/78. A return to normal yields on this area could result in a crop some 300,000 bales larger than the 1975/76 or 1976/77 totals.

Domestic cotton mill consumption in Central America has been rather steady in recent years at slightly under 200,000 bales per year. Little increase was apparent because the textile market was depressed and current prices for cotton high.

Exports of raw cotton peaked at 1.4 million bales in 1974/75, but were off to 1.3 million bales in 1975/76. They probably will be down further to perhaps 1.2 million bales this season because of reduced supplies.

Cotton from Central American countries moves primarily to the Far East—particularly Japan—but the Federal Republic of Germany and Italy are also important takers.

Substantial stocks held by Central American countries in 1974 have now been worked down to normal and are no longer a factor on the supply side.

El Salvador. Cotton production fell off by 20 percent to 273,000 bales in 1975/76 because of low market prices and excessive rains. The hectarage was only moderately larger this season and this, plus poorer yields because of the drought, will keep the Salvadoran crop down to around 300,000 bales. Producers are satisfied with the current world price level but El Salvador's agrarian reform program—announced in July 1976—may result in some shift of highly productive land away from cotton in 1977 to less capital-intensive crops such as basic grains.

The bulk of El Salvador's cotton is Stoneville 213, a variety popular in the United States. There is now also a limited production of Copal 68, a cross between the Acala and Stoneville varie

ies, which produces a moderately longer staple length, and is serving to further reduce El Salvador's limited imports of cotton. About one-fourth of El Salvador's cotton crop is processed locally.

Cotton exports are almost entirely to Japan and other Far Eastern countries.

Guatemala. Producers sold their reduced 1975/76 crop of 460,000 bales early in the season for an average of only 39 U.S. cents per pound. For 1976/77, the bulk of Guatemala's larger crop—currently estimated at around 530,000 bales—had already been sold in early September 1976 for 57-60 U.S. cents per pound.

If prices remain attractive, next season Guatemala undoubtedly will try to return to production some former cotton areas near the Mexican border. With the 1976/77 crop already sold for export at higher than usual prices, Guatemalan mills are finding cotton difficult to obtain and are turning to manmade fibers imported at lower prices. As a result, cotton consumption will be off.

Exports in 1976/77 may total a record 485,000 bales, with Japan taking about half and the rest largely going to European destinations. Cotton yields in Guatemala now run over 2,500 pounds per hectare.

Nicaragua. Farmers responded to a 38 percent increase in the f.o.b. price of cotton in 1975/76 by planting 39 percent more area to cotton this season. The additional land was largely diverted from basic grains that were in surplus supply, with resulting low grain prices.

A substantial area of the planted cotton had to be abandoned, and Nicaraguan yields will be down considerably in 1976/77, because of the severe drought beginning in July. All but 30,000 bales of Nicaragua's estimated 475,000-bale production will be exported, mostly to the Far East, but some will go to Europe and other destinations.

Other countries. Elsewhere in Central America, only small quantities of cotton are grown in Costa Rica and Honduras. In Honduras, low world cotton prices, plus attractive price supports for small grains, brought a 40-percent cotton production drop in 1975/76. For 1976/77, Honduran farmers more than doubled their cotton hectarage but the long dry spell will keep yields down.

Production in 1976/77 is forecast at 25,000 bales.

Swine Shipment to Italy Sets Record in 1976

By JOHN H. DAVENPORT
U.S. Agricultural Officer
Milan

On July 6, 1976, a major breakthrough occurred in U.S.-Italian agricultural trade when a Boeing 727 landed at Malpensa Airport in Milan with a special contingent of "passengers" aboard—460 breeding swine purchased from the United States by a group of Italian importers. This is believed to be one of the largest swine shipments ever exported from the United States and is the largest ever imported into Italy.

The herd consisted of 159 boars and 301 gilts weighing from 30-45 kilograms each, of the Hampshire, Spotted Swine (formerly called Spotted Poland China breed), Duroc, and Yorkshire breeds. They arrived in good condition after traveling about 4,000 miles in a pressurized cabin held at a temperature of 17°C. The seats had been removed from the plane's interior, and pens built to accommodate the animals. The entire trip —from point of embarkation in New York State to Milan—took approximately 10 hours. Upon arrival at the Milan Airport, the herd was trucked to Ozzano Emilia (Bologna), where they were quarantined for 30 days before being sent to their ultimate destinations.

The 22 Yorkshire boars in the shipment are to be used in an attempt to duplicate the three-way cross commonly found in the United States—Yorkshire XHampshireXDuroc.

To transport these same swine by ship would have required a minimum of 12-15 days, with accompanying problems of providing feed and other supplies for the journey.

On August 31, 1976, another cargo arrived, consisting of 408 head; 82 Hampshires—including the champion of the State of Missouri; 216 Spotted Swine; and 110 Durocs. This herd, aboard a DC 63F out of Newburgh, New York, also landed at Malpensa Airport, consigned to the Gondolfi brothers.

These animals also withstood the journey well, arriving in excellent condition at their destination.

U.S. breeding swine exports to Italy have fluctuated widely over the years. For example, in 1974 they totaled 331 head but fell to just 12 in 1975. Thus, shipments of 868 head within a matter of about 2 months are worthy of note.

In the past, Italian breeders have been somewhat reluctant to purchase U.S. swine breeds, particularly Hampshires and Spotted Swine. But Italian consumers are becoming accustomed to eating lean pork. And, because U.S. swine breeds are winning wide recognition in Italy as being superior parent stock from which to breed hybrids able to supply this type of meat, U.S. breeding swine are capturing the interest of Italian breeders.

Increasing numbers of Italian breeders are trying to develop new swine breeds hardier than those already in Italy. They are seeking one that will produce lean pork, but without the genetic problems inborn in the crosses of white European swine breeds. This swine improvement program is now some years old and was started with the import of small groups of U.S. Hampshires. So far the results are promising.

Breeders have also witnessed the satisfactory results obtained during the past 4 years from crossbreeding Durocs and Spotted Swine, and increased interest now is being shown in these types. It is because of this interest that these two breeds were included in the two 1976 shipments. These animals will be used to continue and expand development of new breeding programs.

Italian stockmen also have had the opportunity to examine U.S. swine breeds and learn more about their breeding potential at the USDA/FAS exhibits at the Vernona and Reggio Emilia International Agricultural Fairs in 1976 and earlier years. These fairs are two of the most important agricultural events in Europe.

The Verona Fair was held between March 12 and 19, with total attendance recorded at approximately 500,000. The

Two shipments of U.S. breeding swine were received in Milan in July and August 1976. Here swine are being unloaded at the Milan Airport from one of the shipments.

USSR and Italy Buy U.S. Cattle

Sales of U.S. live cattle to Europe have been strong in recent weeks as shipments were made both to Italy and the Soviet Union. A total of 1,010 head were shipped to the two countries in late November.

The Soviets bought 260 head of U.S. breeding stock for export Thanksgiving Day, to be shipped from Richmond, Virginia, to Riga in the USSR. The purchase includes Santa Gertrudis, Holsteins, and Brown Swiss breeds, and consisted of open heifers, bred heifers, and bulls. This reportedly is the first time the Soviets have bought female cattle in the United States. All arrangements for the purchase, which left aboard the SS *Shorthorn Express*, were made by Holstein-Friesian Services, the sales arm of the Holstein-Friesian Association of America, a USDA cooperator.

The Italians have purchased an additional 750 head of feeder cattle for shipment from Richmond to Catagna, Italy, leaving November 27.

From January-October 1976, the United States had shipped 1,837 head of live cattle to Europe and 182,889 to the rest of the world. Total shipments in this period of 1976—at 184,726 head—were 15 percent greater than in the same months of 1975.

U.S. exhibit—cooperatively sponsored with a group of Italian breeders—was one of the show's most popular, as evidenced by the count of roughly 3,800-4,000 persons per hour who visited the U.S. pavilion on several peak days. It has been estimated that 35-40 percent of the fair's attendees visited the U.S. exhibit.

The Reggio Emilia Fair was held from April 29 through May 2. The U.S. exhibit—like the one at Verona—also was jointly sponsored with a group of Italian swine breeders. Included in the U.S. exhibit were five Hampshires—two boars and three sows—which had been imported from Illinois.

In the international judging competitions, the U.S. boars won first and second honors, and two of the sows won—one a 1st place and one a 3d. Also represented in the international division were the Republic of Ireland, Great Britain, Ulster, Denmark, West Germany, Belgium, the Netherlands, and France.

Italian pork consumption increased by 6 percent during 1975 over the previous year's level—despite high pork prices—and is expected to continue at a high level in the immediate future. Government programs have kept beef imports relatively low and smaller supplies of pork from traditional EC suppliers have pushed pork prices upward, giving greater profits to Italian swine breeders, thus increasing market activity in breeding swine.

The Government is emphasizing pork production with various incentives and development plans. Pork production is expected to rise 7 percent in 1976 to a total of 840,000 tons, with much of the increase occurring in the last part of the year.

And as a result of greater pork consumption and higher market prices, as well as breeder success in saving larger numbers of piglets, Italian swine breeding herds are increasing. Lower swine feed prices and favorable feeding ratios have also added to breeding profitability.

At the beginning of 1976 the number of hogs in Italy had increased by 1 percent. The number of sows as of April 1 was running 10 percent above the same 1975 data.

Although Italy's economic situation still remains in a state of crisis, the swine industry is spending money to upgrade its herds to obtain higher grade production animals and, thus, increase its profit.

Syria To Continue As Buyer of U.S. Tobacco

By SHACKFORD PITCHER
U.S. Agricultural Attaché
Lebanon

UNMANUFACTURED TOBACCO has been the mainstay of U.S.-Syrian agricultural trade for many years. Syrian imports of U.S. cigarettes have also been sizable. Syria's current drive to beef up its cigarette production capacity should keep imports of U.S. leaf at a high level. And since Syrian production is not expected to meet demand, Syria should also continue to be a good customer for U.S. cigarettes.

U.S. exports of flue-cured and burley tobaccos to Syria in 1975—of 1,72[illegible] metric tons, valued at $6.4 million—accounted for 14 percent of that year's U.S. agricultural exports to Syria. Prior to 1975, tobacco exports had dominated U.S.-Syrian agricultural trade for a number of years. In 1974, for example, 94 percent of U.S. agricultural exports to Syria—valued at $7.4 million—was tobacco.

The balance of agricultural trade with Syria is very much in favor of the United States. In 1975, U.S. agricultural imports from Syria were valued at $2.[illegible] million, with tobacco accounting for 8[illegible] percent of this total.

U.S. tobacco exports in 1976 were expected to get a big boost because—in addition to larger commercial deliveries—Syria could buy up to 1,20[illegible] tons, valued at up to $4.8 million, under Title I, P.L. 480. The contracting and delivery of this tobacco was completed by September 30, 1976.

Syria purchased about 3,493 tons of U.S. tobacco worth $14 million in late 1975 for 1976 delivery. Some 1,99[illegible] tons were burley and the rest was flue-cured.

Syria's tobacco exports totaled 4,53[illegible] tons in 1975, up 78 percent from 1974's. In both years, the United States was Syria's most important customer, accounting for 53 percent of 1975 pur-

hases and 56 percent of the total a ear earlier. The 1975 Syrian tobacco rop totaled some 12,000 tons. The yrian tobacco trade is handled exlusively by the General Organization f Tobacco, headquartered in Damasus. This is the new name for what for nany years had been known as the yrian Monopoly (Monopole des Taacas et Tombacs).

Syrian tobacco consists primarily of riental and semioriental varieties. The obacco area in 1975 was an estimated 7,200 hectares. The 1975 flue-cured rea was only about 150 hectares, while hat of burley was about 130 hectares. ecause substantial increases in plantngs of these two types of tobacco are ot expected, Syria will continue to import large amounts of burley and flueured tobaccos to satisfy local manuacturing requirements for Americanlend cigarettes.

Practically all of Syria's tobacco is rown in the northwestern coastal reion—in the Provinces of Latakia, 'artous, and Idleb. The farms are enerally small in the hilly areas, where nuch of the tobacco is grown. Some 0,000 farmers cultivate tobacco, with he average area planted each season mounting to about 2.2 dounms—0.22 ectares—per farm.

The Tobacco Organization licenses he area each farmer will grow. It also rovides tobacco seeds, but some armers obtain seedlings for transplantng from the Organization's nurseries, : has trained agriculturists who reguarly visit each farmer's field during the rowing season.

Farmers purchase fertilizer and other nputs from the Organization service enters. And, when farmers deliver the obacco crop to the Organization for narketing, it deducts the various items : has provided on credit from producer eceipts.

Farmers must sell their entire crop o the Organization through its 21 purhasing centers, which employ about '50 buyers and handlers. And the 'obacco Organization is bound to buy he entire crop—good and poor qualiies alike—at prices set in advance by he Organization. Buying starts at the eginning of October each year.

There are six grades of tobacco, and onuses are paid to farmers who do a good job of preparing the tobacco for narket. The overall average purchase orice for the 1975 crop was S£6.21 oer kilogram (equivalent to about 77 U.S. cents per pound). This was nearly 12 percent above the average price paid farmers for the 1974 crop.

From top: Typical tobacco field in hilly area of northeastern Syria; air-curing Syrian leaf. Syria raises much of its own tobacco and exports a large quantity—much of it to the United States—but it is also an important market for U.S. tobacco and products. U.S. exports of flue-cured and burley tobaccos to Syria in 1975 accounted for 14 percent of this country's farm product sales to this important customer.

At least one type of Syrian oriental tobacco has been highly regarded by smokers around the world for over 200 years. This special tobacco—known locally as smoke-cured Abo Riha—is sold elsewhere as Latakia tobacco. It was developed by accident in the early days of the Syrian tobacco industry when the Province of Latakia had a crop that exceeded the requirements of the market.

Farmers were forced to store their unsold tobacco in their houses because proper storage facilities were unavailable. The tobacco remained hanging during the winter, exposed to smoke from heating fires. The next spring, when merchants came to buy the tobacco, they realized it had acquired an aromatic smell never before noticed. The color of the leaf also had turned black and the smoking characteristics were considered desirable. And from that time, Syrian farmers have made this special Latakia tobacco a major part of their output.

Until 1955, practically all of Syria's tobacco produced for export was of the Latakia type. After that, production was restricted because of Syrian Forestry Department objections to the use of wood for smoke-curing. The Tobacco Monopoly experimented during 1965 by building houses for smoke-curing and using scrub materials such as deadwood,

Continued on page 16

U.S. Exports of Onions Make Sharp Jump This Fall

Exports of U.S. onions have jumped significantly in the past few months in reaction to demand largely from Europe, where output by major producers is down because of drought.

The United States, a major producer—but in the past a negligible exporter—of onions, shipped more than 11,200 metric tons in September 1976 (compared with 4,100 tons in September 1975) and more than 21,000 tons in October, a fivefold jump over shipments the previous October.

(To encourage imports, the European Community reduced its tariff import rate to 8 percent on October 1. The reduction ended November 1, and the rate has now returned to its previous level of 12 percent ad valorem.)

Onion output during 1976 in at least three important European producing countries—Poland, the Netherlands, and the United Kingdom—is expected to be substantially below that of a year earlier. Meanwhile, production in the United States and Japan—important figures in the international market—is up markedly.

Poland's production of onions—at 250,000 metric tons—is down 24 percent from the 1975 level, despite a 6-percent increase in area to 25,000 hectares. In contrast with the 32,000 tons exported in 1975, Poland does not expect to ship any onions in 1976. Most of the crop is storage onions.

In the Netherlands and the United Kingdom, the 1976 onion crops are now expected to drop 14 and 20 percent, respectively. The Netherlands, which normally produces onions for the export market and is the world's largest exporter of this commodity, expects 1976 onion production to be roughly 361,000 tons.

The decreased production in both countries, despite planted area increases of 13 and 9 percent, respectively, in the Netherlands and the United Kingdom, is attributed to the prolonged drought during the 1976 growing season.

Onion imports are necessary for both countries to have adequate supplies, particularly of larger size onions. October 1976 imports into the Netherlands reached nearly 4,300 tons and significant quantities of onions still were being imported in the early part of November.

France's onion production during the past 5 years has ranged between 140,000 and 150,000 tons. This year, the French reportedly harvested an 8-percent larger summer onion crop than in 1975. However, production of storage onions has been seriously hampered by the drought.

Normal French onion imports are between 100,000 and 120,000 tons annually. But imports this past July-September were 39 percent higher than last year's level. Imports—reportedly from Spain and Italy—increased substantially, while imports from the Netherlands were down by more than 50 percent.

Onion production figures for Spain and Italy in 1976 are not yet available. Spain is considered a major competitor in the international market and the world's second largest exporter of onions (127,000 tons in 1975/76). As of September 1976, Spanish onion exports were 18.5 percent ahead of the previous year's level.

Italy—another top exporter of onions—has seen its onion shipments during June-September 1976 increase by 25 percent. Normally, most of the Italian onion exports occur during the third quarter of the year, with most of the shipments destined for France and West Germany. Exports in 1975/76 exceeded 92,000 tons.

Total U.S. production of storage onions in 1976 is set at 766,000 tons—up 20 percent over last year's total.

So far, Western Europe and Japan have been the largest U.S. customers. Japan imported more than 6,200 tons in October 1976 from the United States, compared with 54 tons a year ago. October onion exports to Europe totaled just over 7,200 tons, contrasted with none for the same month of 1975.

In Japan's Hokkaido region, 1976 onion production is estimated at 391,400 tons—up 38 percent from the weather-reduced crop of 1975. Japan is usually self-sufficient in onion production, except during the winter months of off years. Hokkaido accounts for about one-third of total onion production in Japan and, therefore, the siz of the Hokkaido crop largely deter mines the amount of onions to be im ported during the year.

In view of the anticipated large harvest of Hokkaido onions, trad sources expect import requirements fo the coming winter months to be smalle than those of the previous year. Durin November 1975-March 1976 (the majo onion importing season), Japan im ported nearly 36,000 tons of onions in cluding more than 18,00 tons from th United States. —Frank Hokana, FA

Australia's Wheat Estimate Revised

The Australian Wheat Board esti mates the current wheat crop at 9.9 million metric tons—13 percent abov the November forecast. This would in dicate an export availability of roughl 8.5 million tons, compared with export of about 8.2 million tons in 1975/76.

The Board has expressed confidenc in achieving an 8.2-million-ton expor target, with 4 million tons already sol under firm contracts and a substantia quantity reserved under trade unde standings.

In northern New South Wales an Queensland a large volume of prim hard and hard wheat has been dow graded because of bleaching and rai damage, while at the same time, th protein content is lower than usual.

EC Fixes Fruit Subsidies

The European Community Commi sion has fixed a number of EC expo subsidies on processed fruits and veget bles, effective November 27, 1976.

All tomato concentrates will have a increase in subsidy ranging from 0.5 units of account (U.A.) per 100 kil grams (kg) to 2.40 U.A. per 100 k (The value of one U.A. was US$1.3 on November 27, 1976.) Tomato jui increased 1.00 U.A. per 100 kg, but th export subsidy for peeled tomatoes d creased by 2.00 U.A. per kg. The su sidies for peeled tomatoes and all t mato concentrate items apply for e ports to all third countries, with th exception of North America.

Subsidies for pure orange juice a pure lemon juice—concentrated a not concentrated—remain unchange Cherries in syrup increased 1.20 U. per 100 kg.

'apan Increases 'obacco Output

Japan's production of leaf tobacco ıring 1976 i: projected to rise by ›out 5,000 metric tons over the 1975 vel to about 170,000 tons.

The higher level of output is attrib- ed to increased labor availability in ›76 and to the attractiveness of the in- :ntive payment for tobacco, which for e 1976 crop has been set at the equiv- ent of about $2.20 per pound—8 per- :nt above the 1975 average.

Planted area during 1976 at 63,216 :ctares surpasses by 3 percent the tal authorized by the Japan Tobacco ıd Salt Corporation. Producers are :rmitted to plant up to 5 percent ore than the area authorized.

Tobacco leaf imports during Japan's ;cal year (April-March) 1976 could : more than 90,000 tons because of ıdetermined damage to tobacco area ıused by a typhoon in September. If e destroyed area turns out to be not much as expected, imports probably ill amount to about 90,000 tons.

Japan's leaf imports during 1975 ere 30 percent higher than 1974's— ı estimated 95,989 tons that was ırtly a result of stock rebuilding. The .S. share rose to 52 percent, compared ith 49.1 percent in 1974.

U.S. exports of tobacco to Japan in e 11 months ending August 1976 taled 55,100 tons worth $193.6 mil- ›n—18 percent more than in the year- ırlier period.

Consumption of manufactured to- ıcco during the first 8 months of ılendar 1976 decreased because of the :ice rises of December 1975 and :alth reasons of smokers. It is esti- ated that about 2 percent of Japan's nokers have given up smoking during ıpanese fiscal 1976. Cigarette sales ıring January-August 1976 amounted › 172.3 million pieces, down by 11.6 :rcent from the year-earlier period.

Japan plans another increase in garette prices for the fiscal year be- nning April 1. The increase may be › much as 30 percent for both domestic ıd imported cigarettes.

Cigarette prices were raised in De- :mber 1975 by an average 48 percent ›r domestic brands and 54 percent for nported labels. Leading brands in ıpan currently sell for about 50 cents er pack.

California Prune Exports Set Record

Exports of California dried prunes set a record in the 1975/76 marketing season ending July 31, exceeding the previous high set in 1973/74. The new mark is 53,246 metric tons, compared with the earlier record of 48,343 tons, and last season's 35,221 tons.

The 1975 crop-year supply of salable prunes—as of July 31—stood at 175,933 natural-condition tons (181,211 tons, processed weight).

As of July 31, 1976, prunes totaling 151,634 tons (processed weight) had been shipped to domestic and export markets, a volume exceeding any year's activity since 1965. This year's total was 22 percent greater than the 123,431-ton-average level of the previous 3 seasons and 29 percent higher than the 117,540 tons of 1974/75.

Shipments of pitted prunes (natural condition, equivalent weight) have risen substantially in both the domestic and export markets with exports racking up a commanding lead by rising an impressive 79 percent compared with the average of the past 3 years, and 51 percent greater than last season's volume. Export shipments of pitted prunes have shown impressive and uninterrupted gains every year since 1967, when pitted prune data were first collected.

The disastrous 1975-crop French harvest of only 499 tons and the dramatic upsurge in foreign interest in U.S. pitted prunes contributed strongly to the climb in last season's exports—44 percent greater than the average of the 3 previous years, and 51 percent larger than the 1974/75 season. France imported 12,982 tons of California dried prunes, a volume three to six times the normal tonnage shipped to that country each year since 1965.

The four Scandinavian countries—Denmark, Finland, Norway, and Sweden—imported a total of 13,148 tons during the 1975/76 season, constituting a 39 percent increase over the average of the preceding three seasons and a 30 percent increase over imports the prior year.

With a combined population of less than 22 million persons, these countries imported about a half kilogram of California prunes for each man, woman, and child. During that crop year, U.S. exports to Germany, France, and the United Kingdom, with a combined population of well over 150 million people, were 19,478 tons—6,330 tons more tons more than to Scandinavia.

There has been a steady increase of California prune exports to Scandinavia every year since the California Prune Advisory Board joined in 1973 with the Foreign Agricultural Service in promoting California prunes in those four countries.

—Based on report from
California Prune Advisory Board
San Francisco, California

UN Group Recommends Fruit and Vegetable Box Standards

The Economic Commission for Europe (ECE), a subsidiary of the United Nations, has developed a recommended standard (Resolution 222) that sets dimensions, material characteristics, and methods for testing boxes used in transportation and storage of fruits and vegetables.

Three box sizes are specified—600 × 400 mm, 400 × 300 mm, and 500 × 300 mm—for use with pallets 800 × 1,200 mm or 1,000 × 1,200 mm, as suitable. Testing requirements cover conditioning, compression, vibration, free fall, and water absorption.

ECE thus far has received replies from 12 governments concerning the degree to which these countries will apply the standard. Belgium, Poland, the German Democratic Republic, and Portugal have adopted the standard. Spain and Switzerland have adopted the resolution with certain reservations. West Germany, Australia, Sweden, and the United Kingdom have chosen only to recommend the standard. Canada and the United States disapproved the resolution with the view that such standards should not be set forth by governments but rather by the industries concerned through the International Organization for Standardization (ISO).

A copy of the resolution and the replies from governments can be obtained from the Transportation and Packaging Research Laboratory, Agricultural Research Service, BARC-West, Building 006, Room 210, Beltsville, Md. 20705.

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AGREEMENT REACHED ON VOLUNTARY U.S. MEAT IMPORT RESTRAINTS

USDA Secretary John A. Knebel on December 22 reported that the U.S. Government had reached substantive agreement with the governments of major meat exporting countries on arrangements to govern U.S. import trade in meat—mainly beef—during 1977. He said all that remains is for the agreements to be formalized by the participating countries.

Canada, which has not been a participant in previous restraint programs, will be covered by the 1977 arrangement but the precise terms of Canada's participation, which will cover the two-way U.S.-Canadian trade in meat, are still under discussion.

The system of arrangements with supplying countries will provide assurance that aggregate imports into the United States in 1977 of meat subject to the Meat Import Law will not exceed the trigger level for quota imposition under the law.

Public Law 88-482, enacted in August 1964, provides that if yearly imports of certain meats—primarily frozen beef—are estimated to equal or exceed 110 percent of an adjusted base quantity, quotas are to be imposed on the imports of these meats. The adjusted base quantity for 1977 is 1,165.4 million pounds, and the trigger level is 1,281.9 million pounds. The base for 1976 was 1,120.9 million pounds and the trigger level was 1,233 million pounds. The Secretary said 1977 imports probably would exceed the trigger level, were it not fo the expected arrangements with supplying countries.

The Secretary said that import prospects will be reviewe quarterly. The next estimate of 1977 imports of meat subjec to the Meat Import Law will be made late in March and an nounced on or before April 1.

U.S. IMPORTS OF MEAT SUBJECT TO P.L. 88-482, JANUARY 1973-NOVEMBER 1976
[Million pounds]

Month	1973	1974	1975	197
January	106.1	118.0	135.5	117.
February	98.4	82.3	97.5	92.
March	88.3	104.9	106.0	147.
April	97.9	91.4	86.1	94.
May	113.0	80.6	75.8	104.
June	91.5	78.6	100.9	120.
July	105.9	59.4	104.3	87.
August	153.7	101.4	112.8	82.
September	110.3	91.8	114.6	109
October	149.9	72.3	85.2	135
November	130.0	93.2	121.7	106
December	110.3	105.2	68.6	—
Total[1]	1,355.6	1,079.1	1,208.9	—

[1] Totals may not add due to rounding.

Syria Tobacco Production *Continued from page 13*

cuttings, and thinnings. Apparently a solution was found and small quantities of smoke-cured Abo Riha tobaccos have been produced and exported regularly since 1967.

Exports of Latakia tobacco in 1975 totalled 91 tons, an increase of 48 tons from 1974's. West Germany has been the main market, followed by the United States, Denmark, and several other West European countries. Latakia tobacco is used mostly in pipe mixtures.

The Tobacco Organization is in an ambitious building program. Prior to 1960, it leased warehouse space for storing tobacco. In that year, construction of a large warehouse and handling complex was started in Latakia, with a capacity to receive and process 6,000 tons of tobacco yearly. The warehouses were completed in 1964. Since then similar warehouses were started at Jablesh, to be completed by the end of 1976.

Expansion is also underway at the Latakia cigarette plant, where new production lines are scheduled to be completed by mid-1977. When finished, the plant will supply a ready marke Local demand for American-blend cigarettes exceeds existir production capability by about one-third, although the To bacco Organization began to manufacture king-size filt cigarettes at its Aleppo plant in 1963.

The Syrian market is being largely supplied by importe cigarettes, mainly from the United States. During 1975, Syr imported 2,268 tons of cigarettes, valued at S£69.6 millic ($19 million). The United States supplied 82 percent of thi

The Tobacco Organization is determined to manufacture high-quality American blend to compete with the foreig cigarettes that have already captured a goodly share of tl Syrian market. At the same time, the Organization will co tinue to import foreign cigarettes to complement domest supplies, and if manufacturing capacity cannot keep up wi demand, to import enough to make up for the shortfall.

It seems likely that Syria will continue to export orient leaf tobacco to the United States on a barter arrangement f U.S. cigarettes.

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